

February 8, 2013

Congressman Dave Camp
Ways and Means Committee Office
1102 Longworth House Office Building
Washington D.C. 20515

Subj: Tax Reform and Charitable Contributions Hearing.

The Beacon Hill Institute at Suffolk University did a study of charitable giving under the present income based tax system compared to the Fairtax HR25. The complete study can be found at www.faitax.org, a summary of the findings is presented here for your consideration.

Several studies show that the Fairtax would increase GDP and thus real income; therefore this rise in real income combined with the effect of the increased price of giving shows that charitable donations would increase under the Fairtax by .89% immediately, by 2.4% within 10 years and by 4.99% in 20 years.

In summary, the Fairtax would not decrease charitable giving; but to the contrary, the Fairtax would serve to increase charitable contributions, subsequently strengthening the vitality of the charitable organizations that play such an important role in our society. This increase would be based on the fact that among its benefits, the Fairtax would increase income and in turn generate more giving.

The following research estimates the macroeconomic effects of moving from the current federal income tax system to a broad based consumption tax, such as the national retail sales tax plan called for by HR25: Laurence J. Kotlikoff and Sabine Jokisch, "Simulating the Dynamic Macroeconomic and Microeconomic Effects of the Fairtax," NBER Working paper 11858, December 2005.

Thanks for your consideration in this matter.

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